

PROPERTY TAX DEFERRAL AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: _____

LONG TITLE

Committee Note:

The Revenue and Taxation Interim Committee recommended this bill.

Legislative Vote: 13 voting for 0 voting against 6 absent

General Description:

This bill modifies the deferral provisions of the Property Tax Act.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ addresses property tax deferral for certain owners of a single-family residence;
- ▶ modifies the interest rate that applies to deferred property taxes;
- ▶ clarifies the required contents of an application for a deferral;
- ▶ creates the Property Tax Deferral Restricted Account (account) to reimburse a requesting county for the amount of any property taxes that the county defers during a specified time period;
- ▶ addresses repayment of any money a county receives from the account; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2022:

- ▶ to the General Fund Restricted -- Property Tax Deferral Restricted Account, as a one-time appropriation:



28 • from the General Fund, \$10,000,000; and
 29 ▶ to the Utah State Tax Commission -- Tax Administration -- Property Tax Deferral,
 30 as a one-time appropriation:

31 • from the General Fund Restricted -- Property Tax Deferral Restricted Account,
 32 \$10,000,000.

33 **Other Special Clauses:**

34 This bill provides retrospective operation.

35 **Utah Code Sections Affected:**

36 AMENDS:

37 **59-2-1801**, as enacted by Laws of Utah 2019, Chapter 453

38 **59-2-1802**, as enacted by Laws of Utah 2019, Chapter 453

39 **59-2-1804**, as enacted by Laws of Utah 2019, Chapter 453

40 **63I-2-263**, as last amended by Laws of Utah 2021, First Special Session, Chapter 4

41 **63J-1-602.1**, as last amended by Laws of Utah 2021, Chapters 280, 382, 401, and 438



43 *Be it enacted by the Legislature of the state of Utah:*

44 Section 1. Section **59-2-1801** is amended to read:

45 **59-2-1801. Definitions.**

46 As used in this part:

47 (1) "Abatement" means a tax abatement described in Section **59-2-1803**.

48 (2) "Deferral" means a tax deferral described in Section **59-2-1802**.

49 (3) "Eligible owner" means an owner of an attached or a detached single-family
 50 residence:

51 (a) who is 75 years old or older on or before December 31 of the year in which the
 52 individual applies for a deferral under this part;

53 (b) whose household income does not exceed 200% of the maximum household
 54 income certified to a homeowner's credit described in Section **59-2-1208**; and

55 (c) whose household liquid resources do not exceed 20 times the amount of property
 56 taxes levied on the owner's residence for the preceding calendar year.

57 (4) "Household" means the same as that term is defined in Section **59-2-1202**.

58 (5) "Household income" means the same as that term is defined in Section **59-2-1202**.

59 (6) "Household liquid resources" means the following resources that are not included
 60 in an individual's household income and held by one or more members of the individual's
 61 household:

- 62 (a) cash on hand;
- 63 (b) money in a checking or savings account;
- 64 (c) savings certificates;
- 65 (d) stocks or bonds; and
- 66 (e) lump sum payments.

67 ~~[(3)]~~ (7) "Indigent individual" is a poor individual as described in Utah Constitution,
 68 Article XIII, Section 3, Subsection (4), who:

- 69 (a) (i) is at least 65 years old; or
- 70 (ii) is less than 65 years old and:
 - 71 (A) the county finds that extreme hardship would prevail on the individual if the
 - 72 county does not defer or abate the individual's taxes; or
 - 73 (B) the individual has a disability;
- 74 (b) has a total household income, as defined in Section [59-2-1202](#), of less than the
- 75 maximum household income certified to a homeowner's credit described in ~~[Subsection~~
- 76 ~~59-2-1208(1)]~~ Section [59-2-1208](#);
- 77 (c) resides for at least 10 months of the year in the residence that would be subject to
- 78 the requested abatement or deferral; and
- 79 (d) cannot pay the tax assessed on the individual's residence when the tax becomes due.

80 ~~[(4)]~~ (8) "Property taxes due" means the taxes due on an indigent individual's property:

- 81 (a) for which a county granted an abatement under Section [59-2-1803](#); and
- 82 (b) for the calendar year for which the county grants the abatement.

83 ~~[(5)]~~ (9) "Property taxes paid" means an amount equal to the sum of:

- 84 (a) the amount of property taxes the indigent individual paid for the taxable year for
- 85 which the indigent individual applied for the abatement; and
- 86 (b) the amount of the abatement the county grants under Section [59-2-1803](#).

87 ~~[(6)]~~ (10) "Relative" means a spouse, child, parent, grandparent, grandchild, brother,
 88 sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, first cousin, or a
 89 spouse of any of these individuals.

90 ~~[(7)]~~ (11) "Residence" means real property where an individual resides, including:

91 (a) a mobile home, as defined in Section 41-1a-102; or

92 (b) a manufactured home, as defined in Section 41-1a-102.

93 Section 2. Section 59-2-1802 is amended to read:

94 **59-2-1802. Tax deferral.**

95 (1) (a) In accordance with this part and after giving notice to the taxpayer, a county
96 may defer a tax on residential property [~~after giving notice to the taxpayer~~], allowing the
97 taxpayer to pay the tax at a later date.

98 (b) In determining a deferral, a county shall consider an asset transferred to a relative
99 by an applicant for deferral, if the transfer took place during the three years prior to the day on
100 which the applicant applied for deferral.

101 (2) A county may grant a deferral described in Subsection (1) at any time:

102 (a) after the holder of each mortgage or trust deed outstanding on the property gives
103 written approval of the application; and

104 (b) if the applicant is not the owner of income-producing assets that could be liquidated
105 to pay the tax.

106 (3) In accordance with this part, if the conditions described in Subsection (4) are
107 satisfied, a county:

108 (a) on or after January 1, 2022, may defer a tax on an attached single-family residence
109 or a detached single-family residence; or

110 (b) on or after January 1, 2025, shall defer a tax on an attached single-family residence
111 or a detached single-family residence.

112 (4) The conditions described in Subsection (3) are as follows:

113 (a) the owner of the single-family residence is:

114 (i) an eligible owner; or

115 (ii) a trust described in Section 59-2-1805 for which the grantor is an eligible owner;

116 (b) the single-family residence was the eligible owner's primary residence as of January
117 1 of the year for which the eligible owner applies for a deferral;

118 (c) (i) subject to Subsection (5), the value of the single-family residence for the year for
119 which the eligible owner applies for a deferral is no greater than 100% of the median property
120 value of attached and detached single-family residences within the county; or

121 (ii) the eligible owner has owned the single-family residence for a continuous 20 year
 122 period as of January 1 of the year for which the eligible owner applies for a deferral; and

123 (d) the holder of each mortgage or trust deed outstanding on the single-family
 124 residence gives written approval of the deferral.

125 (5) The values described in Subsection (4)(c) are based on the county assessment roll
 126 for the county in which the single-family residence is located.

127 (6) For purposes of Subsection (4)(c)(ii), if a single-family residence is transferred
 128 between an eligible owner and a trust described in Section 59-2-1805, ownership is considered
 129 continuous if the eligible owner is the grantor of the trust.

130 ~~[(3)]~~ (7) Taxes deferred by the county accumulate with interest as a lien against the
 131 residential property, as described in Subsection ~~[(4)]~~ (8), until the owner sells or otherwise
 132 disposes of the residential property.

133 ~~[(4)]~~ (8) Deferred taxes under this section:

134 ~~[(a) bear interest at an interest rate equal to the lesser of:]~~

135 ~~[(i) 6%; or]~~

136 ~~[(ii) the federal funds rate target:]~~

137 ~~[(A) established by the Federal Open Markets Committee; and]~~

138 ~~[(B) that exists on the January 1 immediately preceding the day on which the taxes are~~
 139 ~~deferred; and]~~

140 (a) bear interest at an interest rate equal to 50% of the rate described in Subsections
 141 59-2-1331(2)(c) and (d); and

142 (b) have the same status as a lien as described in Sections 59-2-1301 and 59-2-1325.

143 ~~[(5)]~~ (9) If the owner of residential property that is granted deferral under this section is
 144 an indigent individual, during the period of deferral the county may not subject the residential
 145 property to a tax sale.

146 (10) (a) There is created a restricted account within the General Fund known as the
 147 Property Tax Deferral Restricted Account.

148 (b) The account shall consist of:

149 (i) appropriations from the Legislature; and

150 (ii) interest earned on money in the account.

151 (c) (i) Upon written application from a county in a form prescribed by the commission,

152 the commission shall use money in the account to reimburse the county for the amount of any
153 tax that the county defers in accordance with Subsections (3) through (6).

154 (ii) The commission may not reimburse a county for:

155 (A) an amount of a tax before the county grants the eligible owner a deferral of the tax;

156 or

157 (B) a tax assessed after December 31, 2026.

158 (d) A county that receives money from the account for a deferred tax shall distribute
159 the money to the taxing entities in the same proportion the county would have distributed the
160 revenue from the deferred tax.

161 (e) The commission may use money in the account to cover the costs of administering
162 the provisions of this subsection.

163 (f) At the end of fiscal year 2027, the Division of Finance shall transfer any money in
164 the account to the General Fund.

165 (11) (a) A county that receives money from the Property Tax Deferral Restricted
166 Account for a deferred tax shall repay the money:

167 (i) in an amount equal to the amount necessary to satisfy the lien described in
168 Subsection (7) as of the earlier of:

169 (A) the day on which the county repays the money; or

170 (B) the day on which the lien described in Subsection (7) is satisfied; and

171 (ii) no later than June 30 of the calendar year immediately following the calendar year
172 in which the lien described in Subsection (7) is satisfied.

173 (b) The Division of Finance shall deposit money received under this subsection into the
174 General Fund.

175 Section 3. Section **59-2-1804** is amended to read:

176 **59-2-1804. Application for tax deferral or tax abatement.**

177 (1) (a) Except as provided in Subsection (1)(b), an applicant for deferral or abatement
178 for the current tax year shall annually file an application on or before September 1 with the
179 county in which the applicant's property is located.

180 (b) If a county finds good cause exists, the county may extend until December 31 the
181 deadline described in Subsection (1)(a).

182 (c) An indigent individual may apply and potentially qualify for deferral, abatement, or

183 both.

184 (2) (a) An applicant shall include in an application a signed statement that describes the
185 eligibility of the applicant for deferral or abatement.

186 (b) For an application for a deferral under Subsection 59-2-1802(3), the requirements
187 described in Subsection (2)(a) include:

188 (i) proof that the applicant resides at the single-family residence for which the applicant
189 seeks the deferral;

190 (ii) proof of age; and

191 (iii) proof of household income.

192 (3) Both spouses shall sign an application if the application seeks a deferral or
193 abatement on a residence:

194 (a) in which both spouses reside; and

195 (b) that the spouses own as joint tenants.

196 (4) If an applicant is dissatisfied with a county's decision on the applicant's application
197 for deferral or abatement, the applicant may appeal the decision to the commission in
198 accordance with Section 59-2-1006.

199 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
200 commission may make rules to implement this section.

201 Section 4. Section 63I-2-263 is amended to read:

202 **63I-2-263. Repeal dates, Title 63A to Title 63N.**

203 (1) Section 63A-3-111 is repealed June 30, 2021.

204 (2) Title 63C, Chapter 19, Higher Education Strategic Planning Commission is
205 repealed July 1, 2021.

206 (3) Title 63C, Chapter 22, Digital Wellness, Citizenship, and Safe Technology
207 Commission is repealed July 1, 2023.

208 (4) Section 63G-1-502 is repealed July 1, 2022.

209 (5) The following sections regarding the World War II Memorial Commission are
210 repealed on July 1, 2022:

211 (a) Section 63G-1-801;

212 (b) Section 63G-1-802;

213 (c) Section 63G-1-803; and

- 214 (d) Section [63G-1-804](#).
- 215 (6) Section [63H-7a-303](#) is repealed July 1, 2024.
- 216 (7) Subsection [63J-1-602.1\(79\)](#), which lists the Property Tax Deferral Restricted
- 217 Account, is repealed July 1, 2027.
- 218 [~~7~~] (8) Subsection [63J-1-206\(3\)\(c\)](#), relating to coronavirus, is repealed July 1, 2021.
- 219 [~~8~~] (9) Sections [63M-7-213](#) and [63M-7-213.5](#) are repealed on January 1, 2023.
- 220 [~~9~~] (10) Section [63M-7-217](#) is repealed on July 1, 2022.
- 221 [~~10~~] (11) Title 63N, Chapter 13, Part 3, Facilitating Public-private Partnerships Act,
- 222 is repealed January 1, 2024.
- 223 [~~11~~] (12) Title 63N, Chapter 15, COVID-19 Economic Recovery Programs, is
- 224 repealed December 31, 2021.
- 225 Section 5. Section **63J-1-602.1** is amended to read:
- 226 **63J-1-602.1. List of nonlapsing appropriations from accounts and funds.**
- 227 Appropriations made from the following accounts or funds are nonlapsing:
- 228 (1) The Utah Intracurricular Student Organization Support for Agricultural Education
- 229 and Leadership Restricted Account created in Section [4-42-102](#).
- 230 (2) The Native American Repatriation Restricted Account created in Section [9-9-407](#).
- 231 (3) The Martin Luther King, Jr. Civil Rights Support Restricted Account created in
- 232 Section [9-18-102](#).
- 233 (4) The National Professional Men's Soccer Team Support of Building Communities
- 234 Restricted Account created in Section [9-19-102](#).
- 235 (5) Funds collected for directing and administering the C-PACE district created in
- 236 Section [11-42a-106](#).
- 237 (6) Money received by the Utah Inland Port Authority, as provided in Section
- 238 [11-58-105](#).
- 239 (7) The "Latino Community Support Restricted Account" created in Section [13-1-16](#).
- 240 (8) The Clean Air Support Restricted Account created in Section [19-1-109](#).
- 241 (9) The Division of Air Quality Oil, Gas, and Mining Restricted Account created in
- 242 Section [19-2a-106](#).
- 243 (10) The Division of Water Quality Oil, Gas, and Mining Restricted Account created in
- 244 Section [19-5-126](#).

- 245 (11) The "Support for State-Owned Shooting Ranges Restricted Account" created in
246 Section [23-14-13.5](#).
- 247 (12) Award money under the State Asset Forfeiture Grant Program, as provided under
248 Section [24-4-117](#).
- 249 (13) Funds collected from the program fund for local health department expenses
250 incurred in responding to a local health emergency under Section [26-1-38](#).
- 251 (14) The Children with Cancer Support Restricted Account created in Section
252 [26-21a-304](#).
- 253 (15) State funds for matching federal funds in the Children's Health Insurance Program
254 as provided in Section [26-40-108](#).
- 255 (16) The Children with Heart Disease Support Restricted Account created in Section
256 [26-58-102](#).
- 257 (17) The Nurse Home Visiting Restricted Account created in Section [26-63-601](#).
- 258 (18) The Technology Development Restricted Account created in Section [31A-3-104](#).
- 259 (19) The Criminal Background Check Restricted Account created in Section
260 [31A-3-105](#).
- 261 (20) The Captive Insurance Restricted Account created in Section [31A-3-304](#), except
262 to the extent that Section [31A-3-304](#) makes the money received under that section free revenue.
- 263 (21) The Title Licensee Enforcement Restricted Account created in Section
264 [31A-23a-415](#).
- 265 (22) The Health Insurance Actuarial Review Restricted Account created in Section
266 [31A-30-115](#).
- 267 (23) The Insurance Fraud Investigation Restricted Account created in Section
268 [31A-31-108](#).
- 269 (24) The Underage Drinking Prevention Media and Education Campaign Restricted
270 Account created in Section [32B-2-306](#).
- 271 (25) The School Readiness Restricted Account created in Section [35A-15-203](#).
- 272 (26) Money received by the Utah State Office of Rehabilitation for the sale of certain
273 products or services, as provided in Section [35A-13-202](#).
- 274 (27) The Oil and Gas Administrative Penalties Account created in Section [40-6-11](#).
- 275 (28) The Oil and Gas Conservation Account created in Section [40-6-14.5](#).

276 (29) The Division of Oil, Gas, and Mining Restricted account created in Section
277 [40-6-23](#).

278 (30) The Electronic Payment Fee Restricted Account created by Section [41-1a-121](#) to
279 the Motor Vehicle Division.

280 (31) The Motor Vehicle Enforcement Division Temporary Permit Restricted Account
281 created by Section [41-3-110](#) to the State Tax Commission.

282 (32) The Utah Law Enforcement Memorial Support Restricted Account created in
283 Section [53-1-120](#).

284 (33) The State Disaster Recovery Restricted Account to the Division of Emergency
285 Management, as provided in Section [53-2a-603](#).

286 (34) The Department of Public Safety Restricted Account to the Department of Public
287 Safety, as provided in Section [53-3-106](#).

288 (35) The Utah Highway Patrol Aero Bureau Restricted Account created in Section
289 [53-8-303](#).

290 (36) The DNA Specimen Restricted Account created in Section [53-10-407](#).

291 (37) The Canine Body Armor Restricted Account created in Section [53-16-201](#).

292 (38) The Technical Colleges Capital Projects Fund created in Section [53B-2a-118](#).

293 (39) The Higher Education Capital Projects Fund created in Section [53B-22-202](#).

294 (40) A certain portion of money collected for administrative costs under the School
295 Institutional Trust Lands Management Act, as provided under Section [53C-3-202](#).

296 (41) The Public Utility Regulatory Restricted Account created in Section [54-5-1.5](#),
297 subject to Subsection [54-5-1.5\(4\)\(d\)](#).

298 (42) Funds collected from a surcharge fee to provide certain licensees with access to an
299 electronic reference library, as provided in Section [58-3a-105](#).

300 (43) Certain fines collected by the Division of Occupational and Professional Licensing
301 for violation of unlawful or unprofessional conduct that are used for education and enforcement
302 purposes, as provided in Section [58-17b-505](#).

303 (44) Funds collected from a surcharge fee to provide certain licensees with access to an
304 electronic reference library, as provided in Section [58-22-104](#).

305 (45) Funds collected from a surcharge fee to provide certain licensees with access to an
306 electronic reference library, as provided in Section [58-55-106](#).

307 (46) Funds collected from a surcharge fee to provide certain licensees with access to an
308 electronic reference library, as provided in Section 58-56-3.5.

309 (47) Certain fines collected by the Division of Occupational and Professional Licensing
310 for use in education and enforcement of the Security Personnel Licensing Act, as provided in
311 Section 58-63-103.

312 (48) The Relative Value Study Restricted Account created in Section 59-9-105.

313 (49) The Cigarette Tax Restricted Account created in Section 59-14-204.

314 (50) Funds paid to the Division of Real Estate for the cost of a criminal background
315 check for a mortgage loan license, as provided in Section 61-2c-202.

316 (51) Funds paid to the Division of Real Estate for the cost of a criminal background
317 check for principal broker, associate broker, and sales agent licenses, as provided in Section
318 61-2f-204.

319 (52) Certain funds donated to the Department of Human Services, as provided in
320 Section 62A-1-111.

321 (53) The National Professional Men's Basketball Team Support of Women and
322 Children Issues Restricted Account created in Section 62A-1-202.

323 (54) Certain funds donated to the Division of Child and Family Services, as provided
324 in Section 62A-4a-110.

325 (55) The Choose Life Adoption Support Restricted Account created in Section
326 62A-4a-608.

327 (56) Funds collected by the Office of Administrative Rules for publishing, as provided
328 in Section 63G-3-402.

329 (57) The Immigration Act Restricted Account created in Section 63G-12-103.

330 (58) Money received by the military installation development authority, as provided in
331 Section 63H-1-504.

332 (59) The Computer Aided Dispatch Restricted Account created in Section 63H-7a-303.

333 (60) The Unified Statewide 911 Emergency Service Account created in Section
334 63H-7a-304.

335 (61) The Utah Statewide Radio System Restricted Account created in Section
336 63H-7a-403.

337 (62) The Utah Capital Investment Restricted Account created in Section 63N-6-204.

- 338 (63) The Motion Picture Incentive Account created in Section [63N-8-103](#).
- 339 (64) Certain money payable for expenses of the Pete Suazo Utah Athletic Commission,
340 as provided under Section [63N-10-301](#).
- 341 (65) Funds collected by the housing of state probationary inmates or state parole
342 inmates, as provided in Subsection [64-13e-104\(2\)](#).
- 343 (66) Certain forestry and fire control funds utilized by the Division of Forestry, Fire,
344 and State Lands, as provided in Section [65A-8-103](#).
- 345 (67) The Transportation of Veterans to Memorials Support Restricted Account created
346 in Section [71-14-102](#).
- 347 (68) The Amusement Ride Safety Restricted Account, as provided in Section
348 [72-16-204](#).
- 349 (69) Certain funds received by the Office of the State Engineer for well drilling fines or
350 bonds, as provided in Section [73-3-25](#).
- 351 (70) The Water Resources Conservation and Development Fund, as provided in
352 Section [73-23-2](#).
- 353 (71) Funds donated or paid to a juvenile court by private sources, as provided in
354 Subsection [78A-6-203\(1\)\(c\)](#).
- 355 (72) Fees for certificate of admission created under Section [78A-9-102](#).
- 356 (73) Funds collected for adoption document access as provided in Sections [78B-6-141](#),
357 [78B-6-144](#), and [78B-6-144.5](#).
- 358 (74) Funds collected for indigent defense as provided in Title 78B, Chapter 22, Part 4,
359 Utah Indigent Defense Commission.
- 360 (75) The Utah Geological Survey Oil, Gas, and Mining Restricted Account created in
361 Section [79-3-403](#).
- 362 (76) Revenue for golf user fees at the Wasatch Mountain State Park, Palisades State
363 Park, and Green River State Park, as provided under Section [79-4-403](#).
- 364 (77) Certain funds received by the Division of State Parks from the sale or disposal of
365 buffalo, as provided under Section [79-4-1001](#).
- 366 (78) The Drinking While Pregnant Prevention Media and Education Campaign
367 Restricted Account created in Section [32B-2-308](#).
- 368 (79) The Property Tax Deferral Restricted Account created in Section [59-2-1802](#).

369 Section 6. **Appropriations.**

370 The following sums of money are appropriated for the fiscal year beginning July 1,
371 2022, and ending June 30, 2023. These are additions to amounts previously appropriated for
372 fiscal year 2022.

373 Subsection 6(a). **Restricted Fund and Account Transfers.**

374 The Legislature authorizes the State Division of Finance to transfer the following
375 amounts between the following funds or accounts as indicated. Expenditures and outlays from
376 the funds to which the money is transferred must be authorized by an appropriation.

377 ITEM 1

378 To General Fund Restricted -- Property Tax Deferral

379 Restricted Account From General Fund, One-time \$10,000,000

380 Schedule of Programs:

381 Property Tax Deferral Restricted Account \$10,000,000

382 Subsection 6(b). **Operating and Capital Budgets.**

383 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the
384 Legislature appropriates the following sums of money from the funds or accounts indicated for
385 the use and support of the government of the state of Utah.

386 ITEM 2

387 To Utah State Tax Commission -- Tax Administration

388 From General Fund Restricted -- Property Tax Deferral

389 Restricted Account, One-time \$10,000,000

390 Schedule of Programs:

391 Property Tax Deferral \$10,000,000

392 Section 7. **Retrospective operation.**

393 This bill has retrospective operation to January 1, 2022.